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## Policy changes slow down pharma hiring

TNN | Aug 15, 2014, 06:14AM IST

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MUMBAI: The euphoria in the job market notwithstanding, pharma companies are staring at a bitter reality with regards to hiring, thanks to regulatory changes and a sluggish market which seem to have impacted profitability.

Pharma companies are understood to be pressing the 'go slow' button on fresh hiring which, search firms said, could lead to this segment missing out on the opportunity of partaking in the recruitment drive that is expected to create 5-10 million jobs in the next three-four years.

"Hiring is on freeze in certain companies, mainly on account of the price control announced last year. This could be making some product lines unremunerative," said a senior executive with an MNC, who did not wish to be named.

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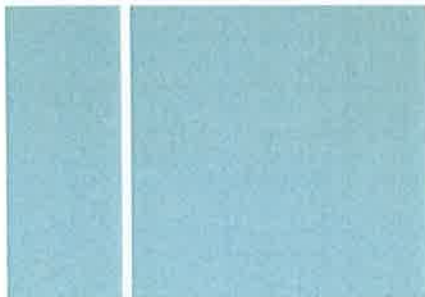
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### SPOTLIGHT

#### Building Blocks



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hat declared 35-40% of projects are trunk inf

Last year, the government announced a policy that caps prices of 348 essential medicines, based on the simple arithmetic average of all medicines in a category with market share of more than 1%. Analysts say companies that have a sizeable India business have been impacted more, while large companies have taken a 3-5% hit.

An executive of another drug firm, who did not wish to be identified, said the company expects to recruit around 600 new hires in the current fiscal year as compared to 1,000 new hires globally in the fiscal year 2014. That amounts to a 40% dip in fresh hiring this year as compared to last year.

"Hiring is not aggressive on the expansion front in terms of new products and vertical launches at the moment in pharma. We feel the reasons can be attributed to the revised DPCO (drug price control order) guidelines that came into effect last year, pricing pressures as well as regulatory approvals," said Mayank Chandra, managing partner, Antal International, a global search firm.

At best, attrition-led replacement hiring is taking place in pharma, said a section of HR experts. Unlike other industries, the nature of the pharma industry is such that it is insulated from the external environment. So the level of hiring does not traditionally rise or fall in accordance with the changes in the economy. "But the recent (NPPA) notification has certainly dampened sentiments and that's probably why companies which are impacted by the new norms could be going back to the drawing board and reflecting on the changes before deciding on how they need to go about recruitments," said Ronesh Puri, MD, Executive Access (India).

However, not everyone is confirming the downward trend in hiring. Shailesh Ayyangar, MD

of FY15 their funds are provided by DMI  
profit, the rest 60-65% are being structure  
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(India) & VP (South Asia), Sanofi, told TOI: "Recruitn...  
strategies of individual companies. We are optimistic t...  
conducive to the growth of our 'knowledge-based' industry. Sanofi India continues to be very  
bullish about its prospects and will continue to recruit talented people to pursue its strategic  
growth plans for its diversified business presence in India."

2 TIMES POINTS EARNED  
new government will adopt

Moorthy K Uppaluri, CEO, Randstad India, a leading recruiter, said the firm has not observed a  
slowdown in the pharma sector. On the contrary, Uppaluri said, the traction in this space  
continues to grow with aggressive hiring of junior and mid-level professionals in functions like  
sales & marketing, product development and inventory management.

Divakar Kaza, president (HR), Lupin, which gets 70% of its revenues from outside India, said,  
"We don't think the new guidelines are going to impact hiring. We shall continue with our hiring  
plans and would be expanding across key functions like research, regulatory, manufacturing,  
quality and business development."

Bhavishya Sharma, director, Athena Executive Search & Consulting, however, said, "A potential  
lull could be experienced in the middle-level management hiring, especially for firms who have a  
firm focus on the domestic market."

Growth in the domestic market has started dipping from last year. In 2009, the industry  
registered steady double-digit growth of 18%. The period of strong double-digit growth continued  
till 2011, while in 2012, it slipped to around 12%, according to IMS. The year 2013 was the first  
time in recent years that growth slipped to under 10%, and was 9.9% (moving annual total  
December 2013).

During the last five years, even though other industries suffered, the pharma industry saw robust  
growth, and as a result domestic pharma companies increased their sales force substantially. This  
could be another reason why companies could be seeing less hiring, said experts.

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